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No. 82-68

In the
Supreme Court of the United States

OCTOBER TERM, 1982

SWIFT AGRICULTURAL CHEMICALS CORPORATION,

Petitioner,

vs.

FARMLAND INDUSTRIES, INC., ET AL.,

Respondents.

REPLY TO OPPOSITION TO PETITION FOR CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

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In opposing the grant of the Writ of Certiorari, Respondents modify the first two issues and change the facts as to the third.

I.

THE FIRST CONFLICT

Respondents misperceive the principal issue here, as their reliance (p.6) on the quoted dictum from *Mast, Foos & Co.* v. *Stover Manufacturing Co.*, 177 U.S. 485, 488-489 (1900) shows. *Mast, Foos* leads up to the question presented here, it does not answer it. It instructs

that comity "does not command," but it does not teach what respect should be accorded the legal precedents of sister courts. That is the issue presented here (Petition, pp.i, 7):

> "Given that a court in one circuit is not bound by an earlier decision of a court in another circuit, what, if any, respect should be paid to that earlier decision?"

That question has not been answered by *Mast, Foos* or any other decision of this Court. Lower courts have struggled with the question but, their decisions are in conflict, as was pointed out in the Petition (pp.7-8 and p.9 fn). As Judge Friendly recently observed before quoting *Mast, Foos,* (*Long Island College Hospital* v. *N.L.R.B.*, 566 F.2d 833, 841 (2 Cir. 1977)):

> "'Comity' is a notion of highly uncertain content . . . ."

The present case is an apt illustration. Lacking the guidance of this Court, the Tenth Circuit felt no compunction in issuing a ruling on a matter of law that is in direct conflict with the prior holding of the Fifth Circuit Court of Appeals. In so doing, it offered no reason for adopting a divergent holding, made no attempt to justify or explain it, and, indeed, did not even acknowledge that its holding was in conflict with the Fifth Circuit.

Yet, in so doing, it violated no admonition of this Court.

Thus, "the character or result of a litigation [can, as it did here,] materially . . . differ because the suit had been brought in [one] federal court" as contrasted to another (see *Hanna* v. *Plummer,* 380 U.S. 460, 467 (1965), Petition, p.11). The unfairness, and more importantly,

the wastefulness of such unpredictability to the bench and bar and to society, has been recognized by this Court in the context of a choice of forum between a state and a federal court. There, uniformity was mandated (*Erie R. Co.* v. *Tompkins*, 304 U.S. 64 (1938), see Petition, p.11). This Court has not spoken to that same issue where coordinating federal courts are involved.

The present case, as well as the conflicting decisions in the cited precedents, make it clear that this Court's guidance is required.*

II.

THE SECOND CONFLICT

Respondents appear to deny (pp.5-6) that there is a conflict between the Tenth Circuit's holding below and the Fifth Circuit Court of Appeals holding in *Usamex*. They say (pp.4-5, 6-7) that there is no conflict between the two appellate courts as to the patent's validity. True enough, but no one said there was.

The conflict asserted by the Petition is between the Fifth Circuit Court of Appeals' legal construction of the patent pertaining to the key "residence time" feature and the diametrically opposite holding of the Tenth Circuit. As to that, Respondents do not, and cannot, deny the conflict. Rather they argue—as if the conflict could be so dispelled — that the Tenth Circuit was justified in holding contrary to the Fifth Circuit holding, asserting (p.8):

> "Small wonder then that the Tenth Circuit summarily affirmed the District Court's finding that 'The

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* Respondents further misperceive the issue when they argue (p.9) that the establishment of the new Court of Appeals for the Federal Circuit "totally and completely" answers the issue. In so asserting, Respondents wrongly assume that this issue is confined to patent cases.

> Court believed that a different result on this point [residence time] was reached here simply because the question was fully broached before this Court, as it was not in *Usamex*." (App. 39a)."

If that were the justification for the Tenth Circuit's departure from the path laid by the Fifth Circuit — and we do not know since no explanation was forthcoming from the Tenth Circuit — it was indeed a bad one. The facts are just the opposite from those stated by the Kansas Court. The Fifth Circuit thoroughly considered and discussed the construction of the residence time element of the patent in suit (see, e.g., App. 111a-118a, 125a), while the two courts of the Tenth Circuit gave little consideration to the issue.

The real issue at this point, however, is not which Court was correct, but whether the two appellate court opinions are in direct conflict. As to that there is no doubt, and Respondents suggest none.

III.

A DENIAL OF DUE PROCESS

Respondents err in contending (p.11) that the issue of whether it is a denial of due process for a court to adjudicate property rights that were not before it, is "nothing more than an afterthought non-issue." It certainly was no afterthought: both parties explicitly told the District Court that only patent claims 1, 2 and 4 were in issue.

The only afterthoughts are Respondents reliance — after the District Court held on its own motion that all

the patent claims were invalid — on the initial pleadings in the case, and their present assertion that all the claims were in issue rather than just the three that they told the District Court were in issue.

Respondents reliance on the two cases cited in its brief (pp.10-11) is misplaced. In each, the defendant insisted *before trial* that all claims were in issue. Here, where Respondents' contention was first asserted after the District Court's decision, the rule of the Second and Sixth Circuits is applicable:

> "A court may not pass upon the validity of claims which were not put in issue, either by a claim of infringement or by a counterclaim for declaration of invalidity." *Timely Products Corporation* v. *Arron*, 523 F.2d 288, 296 (2 Cir. 1975); *Felburn* v. *New York Central Railroad Co.*, 350 F.2d 416, 420 (6 Cir. 1965).*

The deprivation of plaintiff's patent rights without a trial is hardly a "trifle," as Respondents suggest (p.10). Under the collateral estoppel rule of *Blonder-Tongue* v. *University Foundation*, 402 U.S. 313 (1971), Mississippi Chemical Company is contending in the still pending *Mississippi* case, that Petitioner is estopped from asserting any of the patent claims, i.e., that Petitioner should never have an opportunity to litigate claims 3 and 5-7 of the patent.

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* Respondents assert (p.10) that they "specifically counterclaimed" that the patent be held invalid. In fact, they did not file any counterclaim.

Of far more significance, one should never be deprived of property without due process of law.

The Writ should issue.

Respectfully submitted,

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